

Roads Services
2006 Proposed Financial Plan

	2004 Actual ¹	2005 Adopted	2005 Estimated ²	2006 Proposed	2007 Projected ³	2008 Projected ³
Beginning Fund Balance	(317,031)	805,140	(2,432,096)	908,619	1,568,817	1,631,668
Revenues						
* Property Taxes	64,300,645	68,829,498	70,029,622	73,261,547	75,958,148	82,108,494
* Gas Taxes	13,987,597	14,600,958	14,723,120	15,806,232	16,875,977	17,521,608
* Reimbursable Fees for Service	12,072,792	12,354,200	13,800,034	12,650,282	12,959,694	13,277,616
* Sale of Assets	0	761,250	1,604,087	761,250	821,250	716,250
* Other Revenues	2,485,798	2,854,597	2,932,355	2,108,547	2,162,941	2,218,831
Total Revenues	92,846,832	99,400,503	103,089,218	104,587,858	108,778,010	115,842,799
Expenditures						
* Roads Operating Base	(60,280,355)	(63,053,249)	(59,514,059)	(63,875,740)	(64,746,027)	(66,839,186)
* (Surface Water Utility Payment)	(3,386,124)	(3,386,124)	(3,534,299)	(3,534,299)	(3,534,299)	(3,534,299)
* (Transfer to Sheriff)			(3,391,015)	(3,391,015)	(3,391,015)	(3,391,015)
* Stormwater Decant	(392,115)	(517,355)	(517,355)	(527,868)	(544,760)	(562,192)
* Carryover from 2004			(1,623,603)			
* First Quarter Omnibus Ordinance			163,780			
* Second Quarter Omnibus Ordinance			434,551			
Total Expenditures	(64,058,594)	(66,956,728)	(67,982,000)	(71,328,922)	(72,216,101)	(74,326,692)
Estimated Underexpenditures		669,338	679,820	713,289	722,161	743,267
Other Fund Transactions						
* Roads Construction Transfer	(29,416,820)	(32,446,323)	(32,446,323)	(33,234,722)	(37,515,737)	(41,816,886)
* Reduction for 1990 grant revenue error	(1,486,483)					
* Out Year Future Balancing Adjustments				(77,305)	294,518	(186,514)
* Operational Facilities Consolidation and Renovation						(150,000)
Total Other Fund Transactions	(30,903,303)	(32,446,323)	(32,446,323)	(33,312,027)	(37,221,219)	(42,153,400)
Ending Fund Balance	(2,432,096)	1,471,930	908,619	1,568,817	1,631,668	1,737,642
Reserves & Designations						
* Reserves for encumbrances	(1,623,603)					
Total Reserves & Designations	(1,623,603)	0	0	0	0	0
Ending Undesignated Fund Balance	(4,055,699)	1,471,930	908,619	1,568,817	1,631,668	1,737,642
Target Fund Balance (1.5% of Revenues)	1,392,702	1,491,008	1,548,103	1,568,818	1,631,670	1,737,642

Financial Plan Notes:

Beginning in 2003 and for the out years of the plan, a.v. plus new construction and levy growth are assumed to grow at a conservative constant rate of 6% per year (4.2% plus 1.55% new construction). Initiative 747 neither repeals nor amends RCW 84.55.092, the statute allowing taxing districts to bank levy capacity. I-747, does not affect any taxing district's previously banked levy capacity. So if, for example, a taxing district had banked levy capacity available for its use (assuming that all other applicable restrictions on levies are being observed), the taxing district could increase its levy in a year after the Initiative has taken effect by one percent over the amount of its previous maximum lawful levy. The maximum levy amount is met in 2007.

(2) Gas Tax estimates are based on the DOT's estimate of statewide revenues available to counties and King County's allocation factor from CRAB. These figures reflect WSDOT's September 2005 forecast; and CRAB's July 2005 allocation for King County. (10.182%) beginning in 2006.

(3) Reimbursable fees for service include city contracts, expense/revenue identified in the division-wide reimbursables org (1668) covering discretionary services, photographic services, MPS admin fees, right of way inspection fees, and regional stormwater decant fees.

(4) Sale of assets include surplus property sales and Covington gravel and sand mining receipts.

(5) Other Revenues include all road fund revenues other than property taxes, gas tax, reimbursables, sale of assets, and grants, which are identified separately in the financial plan.

(6) The Roads Operating Base reflects the operating budget less the transfer to the Sheriff's Office for Traffic Safety Enforcement services (an allowable diversion of road fund dollars), the Surface Water Utility Charge, and the Stormwater Disposal Program which is budgeted separately in ARMS Dept. 726 in order to meet state accounting requirements.

(7) SWM fees assume no fee increase and are adjusted annually to reflect revised road miles in the SWM service area and incorporation activity in 1997 and beyond. A SWU extension (Rural Drainage Fee Program) to include the remaining road miles in unincorporated King County was adopted beginning in 2000. A 20% rate increase was adopted in 2002.

(8) The 2006-2011 six-year CIP Contribution (\$246.4 million) is approximately \$25 million more than the six-year total for the 2005-2010 adopted six-year program (\$221.3 million) in this version of the financial plan.

Beginning in 2001, the ending fund balance target is established at 1.5% of programmed revenues. This is more reflective of the Division's actual practices since 1997, and is a
(9) reduction from the Division's previous long standing practice of reserving a fund balance target of 5% of programmed revenues. Managing to a lower fund balance target frees up scarce additional cash to be put to immediate active use in roads CIP and operational programs. This new reserve practice is possible because of the division's approach, since 1997, of managing the cash requirements of the Road Fund through strategic timing of the CIP Contribution transfer to the Road Construction fund.

Most of the Division's first quarter funding requirements are met by the April property tax receipts. Cash flow requirements for the first three months of the year are met by delaying a portion of the annual transfer of cash from the Roads Operating Fund to the Roads CIP Fund. The accounting mechanism for accomplishing this is to record an expenditure in the Roads Operating Fund, and corresponding revenue in the Roads CIP Fund. This matches expenditures and revenues in the correct fiscal period, resulting in the correct fund balance figure. At the same time, a receivable ("due from") is created on the Roads CIP Fund balance sheet, offset by an obligation ("due to") on the Roads Operating Fund balance sheet in the amount of the cash withheld from the transfer. Since these items, as well as cash, appear on the balance sheet, they do not affect ending fund balance. In May, the obligation is paid off with cash received from the April property tax receipts, long before the cash is required for covering actual Roads CIP Fund expenditures. In effect, cashflow is managed for the two funds as a single unit. This is consistent with long standing policy of funding the Roads CIP out of Roads Operating Fund revenues, above those required for basic road and traffic

(10) The 2003 Ending Fund Balance was reduced by the Office of Finance by \$243,571 to account for the Road Fund share of the decline in King County's unrealized investment gains; and also the 2004 Ending Fund Balance was reduced the Office of Finance by another \$1,486,483 for a Prior Period adjustment of revenue for a 1990 FEMA grant.